

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

NATIONAL PEDIATRIC CANCER FOUNDATION, INC.

June 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
National Pediatric Cancer Foundation, Inc.

We have audited the accompanying financial statements of National Pediatric Cancer Foundation, Inc. (a nonprofit organization) (the "Foundation") which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Pediatric Cancer Foundation, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2019 financial statements, and our report dated September 19, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "Buco, Indimer & Company, P.A." The signature is written in black ink and is positioned to the right of the typed text.

Tampa, Florida
September 23, 2020

National Pediatric Cancer Foundation, Inc.

STATEMENT OF FINANCIAL POSITION

June 30, 2020
(With comparative total for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
ASSETS				
Cash and cash equivalents (note A4)	\$ 663,405	\$ 81,256	\$ 744,661	\$ 402,813
Investments (notes A5, B and C)	4,664,059	-	4,664,059	4,529,060
Beneficial interest in assets held by others (note A6)	-	189,511	189,511	189,074
Property and equipment, net of accumulated depreciation (notes A8 and E)	16,780	-	16,780	14,608
Other	44,041	-	44,041	51,559
	<u>\$ 5,388,285</u>	<u>\$ 270,767</u>	<u>\$ 5,659,052</u>	<u>\$ 5,187,114</u>
Total assets				
 LIABILITIES AND NET ASSETS				
Accounts payable and accrued expenses	\$ 414,520	\$ -	\$ 414,520	\$ 151,686
Note payable - PPP (note F)	177,900	-	177,900	-
Commitments (note L)	-	-	-	-
	<u>592,420</u>	<u>-</u>	<u>592,420</u>	<u>151,686</u>
Total liabilities				
Net assets (notes A2, J and K)	<u>4,795,865</u>	<u>270,767</u>	<u>5,066,632</u>	<u>5,035,428</u>
Total liabilities and net assets	<u>\$ 5,388,285</u>	<u>\$ 270,767</u>	<u>\$ 5,659,052</u>	<u>\$ 5,187,114</u>

The accompanying notes are an integral part of this statement.

National Pediatric Cancer Foundation, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2020
(With comparative total for 2019)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Public support and revenue				
Public support				
Cash contributions	\$ 3,190,924	\$ 50,000	\$ 3,240,924	\$ 3,067,519
Non-cash contributions	44,716	-	44,716	57,129
Special events, net (note G)	239,665	-	239,665	462,566
Total public support	<u>3,475,305</u>	<u>50,000</u>	<u>3,525,305</u>	<u>3,587,214</u>
Revenue				
Investment income, net	31,533	-	31,533	89,030
Gain on beneficial interest in assets held by others	<u>-</u>	<u>437</u>	<u>437</u>	<u>6,175</u>
Total revenue	<u>31,533</u>	<u>437</u>	<u>31,970</u>	<u>95,205</u>
Net assets released from restrictions	<u>218,744</u>	<u>(218,744)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>3,725,582</u>	<u>(168,307)</u>	<u>3,557,275</u>	<u>3,682,419</u>
Expenses				
Program services	<u>3,183,934</u>	<u>-</u>	<u>3,183,934</u>	<u>3,143,236</u>
Supporting services				
Management and general	148,961	-	148,961	140,548
Development and community support	<u>193,176</u>	<u>-</u>	<u>193,176</u>	<u>239,700</u>
Total supporting services	<u>342,137</u>	<u>-</u>	<u>342,137</u>	<u>380,248</u>
Total expenses	<u>3,526,071</u>	<u>-</u>	<u>3,526,071</u>	<u>3,523,484</u>
Change in net assets	<u>199,511</u>	<u>(168,307)</u>	<u>31,204</u>	<u>158,935</u>
Net assets at beginning of year	<u>4,596,354</u>	<u>439,074</u>	<u>5,035,428</u>	<u>4,876,493</u>
Net assets at end of year	<u>\$ 4,795,865</u>	<u>\$ 270,767</u>	<u>\$ 5,066,632</u>	<u>\$ 5,035,428</u>

The accompanying notes are an integral part of this statement.

National Pediatric Cancer Foundation, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30, 2020

Cash flows from operating activities	
Change in net assets	<u>\$ 31,204</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation and amortization	9,157
Decrease in other assets	7,518
Increase in accounts payable and accrued expenses	262,834
Net change in beneficial assets held by others	(437)
Net unrealized loss on investments	<u>69,327</u>
Total adjustments	<u>348,399</u>
Net cash provided by operating activities	<u>379,603</u>
Cash flows from investing activities	
Purchase of investments	(204,326)
Purchase of equipment	<u>(11,329)</u>
Net cash used by investing activities	<u>(215,655)</u>
Cash flows from financing activities	
Proceeds from note payable	<u>177,900</u>
Net cash provided by financing activities	<u>177,900</u>
Net increase in cash and cash equivalents	341,848
Cash and cash equivalents at beginning of year	<u>402,813</u>
Cash and cash equivalents at end of year	<u><u>\$ 744,661</u></u>
Supplemental disclosures of cash flow information	
Cash paid during the year	
Interest	<u><u>\$ -</u></u>
Income taxes	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

National Pediatric Cancer Foundation, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020
(With comparative total for 2019)

	Program Services	Management and General	Development and Community Support	Total	
				2020	2019
Leased employee expense	\$ 936,605	\$ 93,963	\$ 22,997	\$ 1,053,565	\$ 943,377
Professional fees	1,646	16,857	8,513	27,016	27,624
Public relations	22,000	2,144	1,250	25,394	58,356
Contract labor	17,148	1,391	16,170	34,709	36,652
Advertising	45,204	4,002	18,388	67,594	76,478
Office expenses	13,618	5,547	6,357	25,522	18,618
Telephone	1,884	368	46	2,298	2,184
Postage and shipping	12,133	1,476	34,572	48,181	45,375
Printing and reproduction	8,042	720	7,530	16,292	40,628
Information technology	36,143	4,285	6,577	47,005	56,785
Occupancy	135,350	12,565	6,882	154,797	86,939
Licenses and permits	8,871	229	4,948	14,048	17,097
Insurance	9,871	785	561	11,217	10,018
Travel	444	2,254	18,383	21,081	28,976
Conferences, conventions, and meetings	1,716	621	4,831	7,168	9,265
Donor and community relations	4,305	633	1,228	6,166	4,973
Online transaction fees	139	469	33,521	34,129	29,333
Total expenses before grant allocations and depreciation	1,255,119	148,309	192,754	1,596,182	1,492,678
Grant allocations	1,920,732	-	-	1,920,732	1,999,413
Depreciation	8,083	652	422	9,157	31,393
Total expenses	<u>\$ 3,183,934</u>	<u>\$ 148,961</u>	<u>\$ 193,176</u>	<u>\$ 3,526,071</u>	<u>\$ 3,523,484</u>

The accompanying notes are an integral part of this statement.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. Description of the Organization

National Pediatric Cancer Foundation, Inc., formerly Pediatric Cancer Foundation, Inc. (the "Foundation"), created on November 19, 1991, is a not-for-profit corporation, based in Tampa, Florida. The Foundation is a tax-exempt, charitable organization formed and existing to raise money to fund pediatric cancer research, leading to the treatment and elimination of pediatric cancer worldwide.

The Foundation instituted the Sunshine Project during the year ended June 30, 2006, the purpose of which is to implement a novel collaborative approach that will accelerate the development of new drugs and therapies leading to the prevention and cure of pediatric cancers. In developing this collaboration, the Foundation has brought together some of the country's leading investigators and institutions to drive the process of finding a cure.

In April 2017, the Foundation instituted the Safety Net Grant Program, which assists pediatric cancer patients with advanced cancer treatment related costs. Support for eligible grant applicants includes home based medical supplies and equipment, medication, transportation costs, and insurance co-payments. During the year ended June 30, 2020, \$2,478 were granted.

2. Basis of Accounting

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Foundation as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups – with donor restrictions and without donor restrictions.

These two groups are defined as follows:

- Net assets without donor restrictions – the portion of the Organization's net assets that is not subject to donor-imposed restrictions.
- Net assets with donor restrictions – the portion of the Organization's net assets that is subject to donor-imposed restrictions

A donor-imposed restriction is a stipulation that specifies a use for a contributed asset that is more specific than broad limits resulting from the nature of the organization, the environment in which it operates, or its mission. A donor-imposed restriction may be temporary or permanent. Temporary restrictions may be fulfilled by actions of the organization to meet the stipulations or be fulfilled by the passage of time. Permanent restrictions stipulate that the resources must be maintained in perpetuity.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

The Foundation follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification* (“FASB ASC”).

FASB ASC 958-205 establishes standards for general purpose external financial statements of not-for-profit organizations that require a statement of financial position, a statement of activities and changes in net assets, and a statement of cash flows.

FASB ASC 958-605 requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values.

3. Change in Accounting Principle

In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The objective is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers.

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 provides clarifying guidance on accounting for the grants and contracts of not-for-profit organizations as they relate to the new revenue standard (ASU 2014-09, *Revenue from Contracts with Customers*). The objective is to minimize diversity in the classification of grants and contracts that exists under current guidance.

The new standards are effective for the Foundation’s year ending June 30, 2020. The Foundation adopted both of the ASU’s effective July 1, 2019 using the prospective method. The adoption of these standards did not result in significant changes to the Foundation’s accounting policies or impact its financial position, changes in net assets or cash flows. As such, prior period financial statements were not restated and there was no cumulative effect adjustment upon adoption.

4. Cash Equivalents

The Foundation considers all highly liquid financial instruments with original maturities of three months or less to be cash equivalents.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Investments

Investments held by the Foundation include certificates of deposits, bond funds, and equity securities. The investments are reported at their fair values in the Statement of Financial Position. Investment income or loss (including gains or losses on investments, interest, and dividends) is included in the statement of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

6. Beneficial Interest in Assets Held by Others

The Foundation has transferred assets to a community foundation which holds funds for its benefit. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred asset remains with the resource provider. The asset received in exchange is a beneficial interest in assets held by others, measured at the fair value of the asset contributed. Changes in the value are recognized in the Statement of Activities and Changes in Net Assets as "change in value of beneficial interest in funds held by others."

An additional fund exists at a community foundation that does not meet the criteria of a beneficial interest in funds held by others. As such, these assets are not recorded by the Foundation and are excluded from the Statement of Financial Position. These designated funds are valued at approximately \$61,200 at June 30, 2020.

7. Contributed Merchandise

The Foundation receives various contributed items throughout the year that are used as auction items at the various special events held by the Foundation. These items are recorded at fair market value deemed at the point of sale and are recorded as special event revenue.

8. Property and Equipment

Property and equipment are stated at cost or at estimates of fair-market value by management at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives, three to fifteen years, of the respective assets. The Foundation capitalizes asset acquisitions exceeding \$1,000.

9. Income Taxes

The Foundation has received a determination of tax exempt status under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Management is not aware of any activities that would jeopardize the Foundation's tax exempt status. The Foundation is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty. Tax years after June 30, 2017 remain subject to examination by taxing authorities.

10. Contributed Services

The Foundation receives donated services from a variety of volunteers assisting in various special events. No amounts for volunteer services have been recognized in the accompanying Statement of Activities and Changes in Net Assets since there is no objective basis to measure the value of such services.

11. Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist of cash and cash equivalents. The Foundation manages this risk through the use of high credit worthy financial institutions. Interest-bearing accounts and noninterest-bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2020, approximately \$495,000 of cash and cash equivalents are not insured. The Foundation has not experienced any losses from its deposits.

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results could differ from these estimates.

13. Functional Expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Those expenses include employee salaries and benefits, occupancy, and all core program functions connected to the Foundations mission. All salary related expenditures are allocated based on actual time and effort documentation maintained throughout the year. Occupancy related expenses including depreciation are allocated based on square footage. Some expenses directly attributable to a specific department or function will be charged solely to that department.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

14. Presentation

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE B - INVESTMENTS

Investments are carried at fair value as follows at June 30, 2020:

Money market and deposits	\$ 60,683
Certificates of deposit	530,302
Short term bond funds	852,286
Intermediate term bond funds	640,483
Multi-sector bond funds	403,147
Equity securities	<u>2,177,158</u>
	<u>\$ 4,664,059</u>

NOTE C - FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board *Accounting Standards Codification* 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement), a middle priority to quoted prices for similar assets or liabilities (level 2 measurements), and the lowest priority to unobservable inputs (level 3 measurements).

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE C - FAIR VALUE MEASUREMENTS – Continued

Following is a description of the valuation methodologies used for significant assets measured at fair value at June 30, 2020:

Beneficial interest in assets held by others: Consists of funds held by a community foundation. The beneficial interest is not actively traded and significant other observable inputs are not available. Thus, the fair value is equal to the value reported by the trustee.

Investments: Consist of certificates of deposit, bond funds and equity securities. Valued at the closing quoted price reported in the active market using market pricing and other observable inputs for similar securities obtained from industry standard data providers.

The methods described above may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following illustrates a rollforward for all assets and liabilities measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended June 30, 2020:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Money market and deposits	\$ 60,683	\$ 60,683	\$ -	\$ -
Certificates of deposit	530,302	530,302	-	-
Short term bond funds	852,286	852,286	-	-
Intermediate term bond funds	640,483	640,483	-	-
Multi-sector bond funds	403,147	403,147	-	-
Equity securities	2,177,158	2,177,158	-	-
Beneficial interest in assets held by others	189,511	-	-	189,511
Total	<u>\$4,853,570</u>	<u>\$ 4,664,059</u>	<u>\$ -</u>	<u>\$ 189,511</u>

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE C - FAIR VALUE MEASUREMENTS – Continued

The following table presents financial assets measured at fair value on a recurring basis as of June 30, 2020:

<u>Assets</u>	
Beneficial interest in assets held by others at June 30, 2019	\$ 189,074
Additions	-
Investment income	3,152
Realized and unrealized gains (losses)	(2,715)
Distributions	-
Beneficial interest in assets held by others at June 30, 2020	<u>\$ 189,511</u>

NOTE D - LIQUIDITY

The Foundation has cash and investments totaling \$5,408,720 at June 30, 2020. This amount consists of cash of \$744,661, and investments of \$4,664,059. Within cash, \$81,256 is restricted by a donor with a purpose restriction. Within investments, \$824,089 is designated by the Board of Directors as an Endowment Fund (see note I). Accordingly, the Foundation has \$4,503,375 available within 1 year of the balance sheet date to meet cash needs for general expenditures and funding of clinical trials. The Foundation has a goal to maintain financial assets, which consist of cash and investments, on hand to meet 90 days of normal operating expenses, including research support, which are, on average, approximately \$290,000 per month. Due to the cyclical nature of patient enrollment in clinical trials, the Foundation will structure its financial assets to be available to adequately fund these trials when needed.

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 are summarized as follows:

Office equipment	\$ 10,596
Computer equipment	<u>38,429</u>
	49,025
Less accumulated depreciation	<u>(32,245)</u>
	<u>\$ 16,780</u>

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE F - NOTE PAYABLE - PPP

In April 2020, the Foundation applied for and received funds of \$177,900 as part of the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"). The proceeds from the loan were used to fund payroll and other specific costs outlined in the program for an eight week or twenty four week covered period after receipt of the proceeds. The Foundation will apply for loan forgiveness as stated in the loan documents, with any unforgiven amounts to be converted to a term loan, payable over two years at 1% interest. Management expects the note payable to be fully forgiven during the 2021 fiscal year.

NOTE G - SPECIAL EVENTS

The Foundation holds a number of special events during the year in order to raise funds for pediatric cancer research which consists of the following for the year ended June 30, 2020:

Gross receipts	\$ 1,176,017
Less contributions	(390,506)
Less direct expenses	<u>(545,846)</u>
	<u>\$ 239,665</u>

NOTE H - GRANT ALLOCATIONS

The Foundation entered into an agreement with H. Lee Moffitt Cancer Center and Research Institute, Inc. ("Moffitt") effective July 1, 2013. Under this agreement, the Foundation shall compensate Moffitt to coordinate, administer, perform and supervise the Sunshine Project for a term of three years from the effective date, with a one-year automatic renewal. This agreement may be terminated by either party with 30 days written notice. The Foundation allocated funds of approximately \$1.9 million to the Sunshine Project during the year ended June 30, 2020.

NOTE I - BOARD DESIGNATIONS

The Foundation's Board of Directors have established the NPCF Endowment Fund (the "Fund"), with a goal of raising \$10 million for the Fund. The purpose of the Fund is to help assure permanent financial support for the Foundation and the Sunshine Project, and the accomplishment of the Foundation's mission, including operational costs associated with the Sunshine Project. The Fund shall consist of all such contributions along with the income and proceeds therefrom, all of which shall be dedicated to the charitable and research purposes of the Foundation.

Once the balance of the Fund exceeds \$3,000,000, a percentage of the market value of the Fund equal to 1% of the Fund balance (determined as of the first day of the fiscal year) shall be applied and disbursed annually to The Foundation for use in its mission, including support of the Sunshine Project. The balance of the Fund at June 30, 2020 was approximately \$824,000.

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE J - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions contain donor-imposed restrictions that expire upon the passage of time or once specific actions are undertaken by the Foundation. The net assets are then released and reclassified to net assets without donor restrictions when these restrictions are satisfied.

Net assets with donor restrictions totaled approximately \$271,000 at June 30, 2020. Included in this amount is \$81,256 of cash restricted by a donor, and approximately \$190,000 of beneficial interest in assets held by others of which \$75,000 is restricted in perpetuity.

NOTE K - ENDOWMENT NET ASSETS

Interpretation of Relevant Law

In accordance with FASB ASC 958-205-50 “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds,” the Foundation has established a permanent endowment fund. This fund is invested in accordance with the investment policy of the Foundation.

In July 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act (“FUPMIFA”). The Foundation has interpreted the FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulation to the contrary. As a result of this interpretation, the Foundation classifies assets transferred to the permanent endowment as net assets with donor restrictions. Additionally, all investment gains related to the permanently restricted endowment are classified as net assets with donor restrictions.

Changes in the endowment’s net assets are as follows for the year ended June 30, 2020:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets at June 30, 2019	\$ 734,289	\$ 189,074	\$ 923,363
Transfers In	100,000	-	100,000
Investment income	17,452	3,152	20,604
Unrealized gain (loss) on investments	<u>(27,652)</u>	<u>(2,715)</u>	<u>(30,367)</u>
Endowment net assets at June 30, 2020	<u>\$ 824,089</u>	<u>\$ 189,511</u>	<u>\$ 1,013,600</u>

National Pediatric Cancer Foundation, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2020

NOTE L - COMMITMENTS AND CONTINGENCIES

1. Operating Leases

The Foundation conducts its operations in a leased facility. The lease is classified as an operating lease. Future minimum lease payments under the operating lease approximate the following:

<u>Year ending June 30,</u>	
2021	\$ 112,000
2022	112,000
2023	116,000
2024	116,000
2025	120,000
Thereafter	<u>623,000</u>
	<u>\$ 1,199,000</u>

The Foundation recognized rent expense of approximately \$151,000 for the year ended June 30, 2020, of which included in-kind rent of \$39,000 donated in excess of fair value.

NOTE M - RISKS AND UNCERTAINTIES

In March 2020, the United States and global financial markets experienced significant volatility resulting from uncertainty caused by the world-wide coronavirus pandemic (COVID-19). General economic uncertainties have arisen that may impact future cash flows and changes in net assets as a result of the pandemic. The related financial impact cannot be reasonably estimated at this time.

NOTE N - SUBSEQUENT EVENTS

The Foundation has evaluated events and transactions occurring subsequent to June 30, 2020 as of September 23, 2020 which is the date the financial statements were available to be issued.